

**McCRORY STORES CORPORATION**

*Annual Report*

**1946**

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CORPORATION FILE



Newark, N. J.

# McCRORY STORES CORPORATION

*These pictures reflect the progress  
of our Company in store design  
and modernization.*

1882



1946



## **DIRECTORS AND OFFICERS**

### **DIRECTORS**

RANDOLPH CATLIN		F. W. PAUL
R. F. COPPEDGE	N. BAXTER JACKSON	W. B. RYAN, JR.
A. J. FINK	ROBERT W. JAMESON	EUGENE W. STETSON
FRANK J. HUMPHREY	HARRY O. LATHAM	LEONARD SPANGENBERG

### **EXECUTIVE COMMITTEE**

ROBERT W. JAMESON  
*Chairman*

RANDOLPH CATLIN	FRANK J. HUMPHREY
R. F. COPPEDGE	EUGENE W. STETSON

### **OFFICERS**

R. F. COPPEDGE  
*Chairman of the Board of Directors*

F. W. PAUL	<i>President</i>
G. C. CHAMBERS	<i>Vice President</i>
R. A. VROOM	<i>Vice President</i>
M. O. HILL	<i>Vice President</i>
T. C. LAWRENCE	<i>Financial Vice Pres. &amp; Secretary-Treasurer</i>
H. H. BOSCH	<i>Comptroller</i>

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General Counsel	<i>Sullivan &amp; Cromwell, New York, N. Y.</i>
Auditors	<i>S. D. Leidesdorf &amp; Co., New York, N. Y.</i>
Transfer Agent	<i>Guaranty Trust Company of New York</i>
Registrar	
Common Stock	<i>Bankers Trust Company, New York, N. Y.</i>
Preferred Stock	<i>Chemical Bank &amp; Trust Company, New York, N. Y.</i>
General Office	<i>1107 Broadway, New York, N. Y.</i>

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The annual meeting of stockholders of McCrory Stores Corporation will be held on April 30, 1947. Proxies for such meeting will be requested by the management, and a Proxy Statement will be sent to the stockholders, on or about March 28, 1947.

# McCRORY STORES CORPORATION

February 19, 1947

## To The Stockholders:

There is presented herewith on behalf of the Board of Directors, the financial statements of McCrory Stores Corporation for the year ended December 31, 1946, together with the report of S. D. Leidesdorf & Co., Certified Public Accountants.

Net Sales for the year ended December 31, 1946 were \$84,509,508, exceeding those of any year in the Company's history. The growth of the business is indicated on Page 6 by a comparative statement of sales and of the number of stores in operation for the past ten years.

Net Income for the year 1946 amounted to \$6,537,775, an increase of \$4,165,522, over net income for the year 1945. After providing for dividends on the preferred stock, the net income for the year 1946 is equivalent to \$5.55 per share on 1,140,241 shares of common stock outstanding as compared with \$2,372,253, for the year 1945 or \$2.00 per share on 1,037,189 shares of common stock then outstanding.

The refinancing program undertaken during the latter part of 1945 was completed in the early part of 1946 and resulted in the retirement of all of the 3 $\frac{1}{4}$ % Fifteen Year Sinking Fund Debentures and the replacement of the 5% Cumulative Preferred Stock with a new 3 $\frac{1}{2}$ % Cumulative Convertible Preferred Stock. This involved no decrease in working capital as the funds received from the exercise of the Common Stock Purchase Warrants, attached to the 5% Preferred Stock retired,

## REPORT TO STOCKHOLDERS

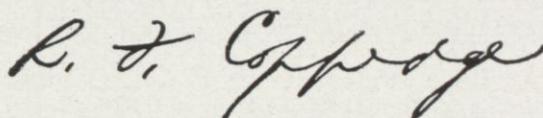
were sufficient to reimburse the treasury to the extent that it was depleted by the retirement of the 3 1/4% Debentures.

The Company was operating the same number of units at the end of 1946 as at the end of 1945. The store at Hagerstown, Md., which was destroyed by fire, was reopened early in December 1946. A picture of the remodeled store appears on Page 2 as an example of the type of store which the Company hopes to place in operation wherever sales volume will justify the necessary expenditure.

Due to the scarcity of labor and of building materials the Company has been able to make but little progress with its program of modernization and expansion. This curtailment of construction has made it possible for the Company to accumulate reserve funds of cash and government securities which will enable the Company to proceed with its own funds on a \$7,500,000, construction and remodeling program as soon as conditions permit.

The Board of Directors acknowledge with appreciation the loyal efforts of the thousands of McCrory employees who so ably contributed to the success of the Company during the past year.

BY ORDER OF THE BOARD OF DIRECTORS

A cursive signature of R. F. Coppedge.

R. F. COPPEDGE, *Chairman*

# McCORMICK STORES CORPORATION

## TEN YEAR COMPARISON

### SALES AND PROFITS

Number of Stores	Net Sales	Net Profits after Federal Income Taxes	Per Share of Common Stock		
			Income Taxes	Net Income	Dividends
1946	199	\$84,509,508	\$6,537,776	3.51	5.55
1945	199	71,282,195	2,372,254	5.70	2.00
1944	203	71,324,436	2,182,804	6.06	1.90
1943	201	67,351,104	2,288,542	4.11	2.01
1942	202	62,613,293	2,184,753	4.04	1.90
1941	202	53,013,016	2,522,594	1.90	2.24
1940	199	46,207,993	2,332,511	.59	2.05
1939	200	43,193,608	2,231,012	.36	1.95
1938	200	40,068,194	1,765,063	.24	1.48
1937	200	41,001,242	2,168,621	.25	.50

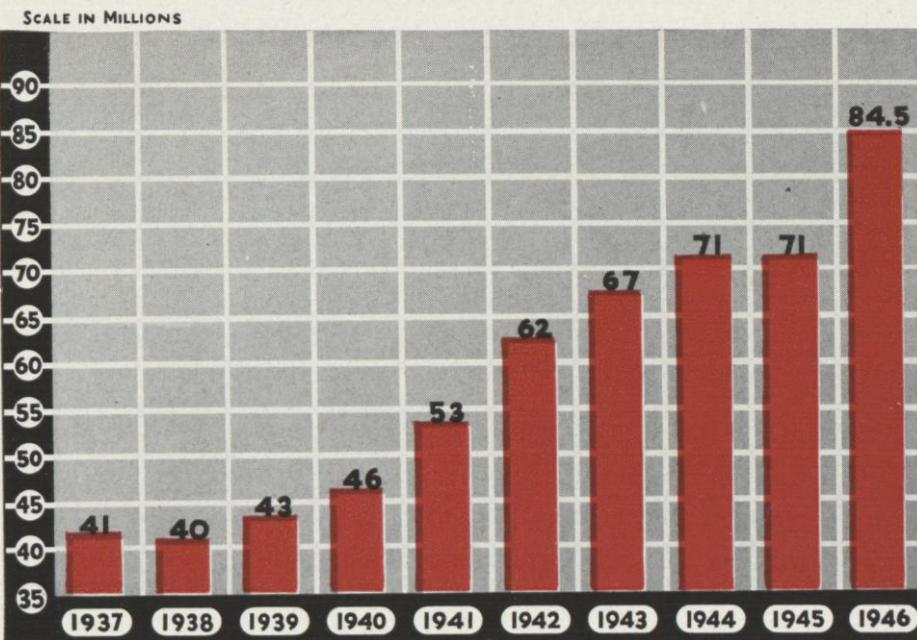
### BALANCE SHEET INFORMATION

	CURRENT Assets	Liabilities	Net Working Capital	Per Share of Common Stock	
				Working Capital	Net Worth
1946	\$24,004,068	\$6,810,585	\$17,193,483	15.08	20.16
1945	19,516,530	7,516,974	11,999,556	11.57	16.48
1944	19,403,172	8,012,208	11,390,964	11.50	15.06
1943	18,543,282	7,858,453	10,684,829	10.79	14.15
1942	18,475,795	8,713,568	9,762,227	9.86	13.15
1941	14,521,890	5,919,016	8,602,874	8.69	12.05
1940	11,115,409	3,361,337	7,754,072	7.83	11.05
1939	10,727,349	3,515,832	7,211,517	7.28	10.91
1938	10,986,244	2,844,763	8,141,481	8.22	10.26
1937	10,592,049	3,019,340	7,572,709	7.65	9.07

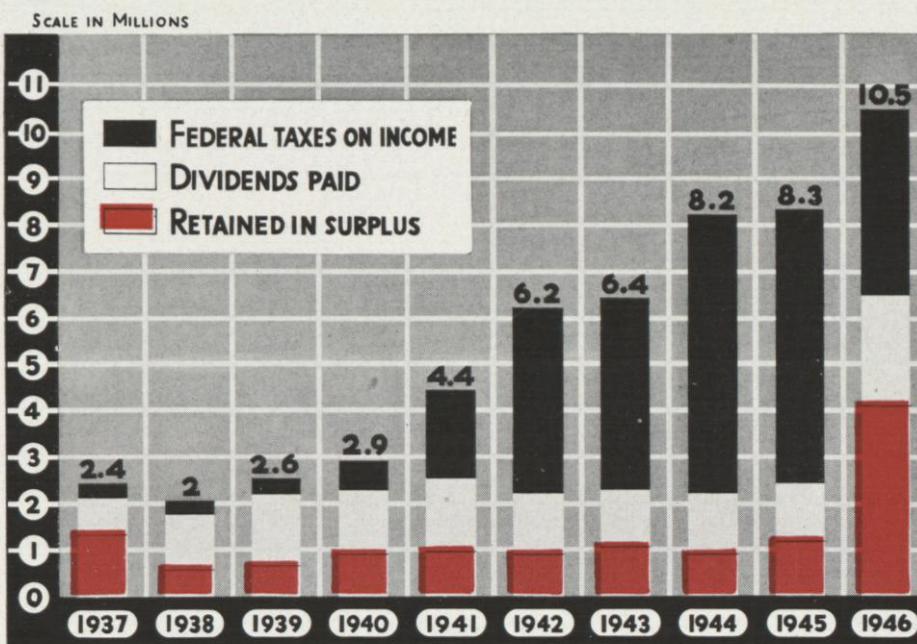
## SALES & PROFITS

### GRAPHIC PICTURE OF SALES & PROFITS 1937-1946

#### ANNUAL SALES



#### NET PROFITS BEFORE FEDERAL INCOME TAXES



## ACCOUNTANTS' REPORT

TO THE BOARD OF DIRECTORS  
MCCRORY STORES CORPORATION:  
NEW YORK, N. Y.

We have examined the balance sheet of McCrory Stores Corporation as at December 31, 1946, and the statements of income and profit and loss and capital surplus and earned surplus for the year then ended; have reviewed the system of internal control and the accounting procedures of the Corporation and, without making a detailed audit of the transactions, have examined or tested accounting records of the company and other supporting evidence by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

Our examination of the merchandise inventories included a general review of the inventory records, tests to determine the mathematical accuracy of the inventory schedules and a physical check of the quantities included in the warehouse inventories. We reviewed the method of store inventory taking as outlined in the inventory instructions issued by the management, and had our representatives present at certain stores selected by us for the purpose of satisfying ourselves that the inventory instructions were carried out effectively.

In our opinion, the accompanying balance sheet and related statements of income and profit and loss and capital surplus and earned surplus, together with the foregoing comments and the Notes to Financial Statements, present fairly the position of the McCrory Stores Corporation at December 31, 1946, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

S. D. LEIDESDORF & Co.

*Certified Public Accountants.*

New York, N. Y., February 19, 1947.

# McCRORY STORES CORPORATION

## STATEMENT OF INCOME AND PROFIT AND LOSS

For the Year Ended December 31, 1946

Sales (merchandise, restaurant and concession) .....	\$84,509,508.83
Cost of goods sold and operating expenses including occupancy and general and administrative expenses .....	73,643,770.94
	<u>10,865,737.89</u>
<b>Add:</b>	
Miscellaneous income, less other deductions .....	\$56,521.54
Income from sale of lease .....	266,666.67
	<u>323,188.21</u>
Profit before depreciation and amortization .....	11,188,926.10
<b>Deduct:</b>	
Depreciation and amortization .....	651,150.50
Profit before Federal taxes on income .....	10,537,775.60
<b>Deduct:</b>	
Provision for Federal taxes on income .....	4,000,000.00
Net Profit for the Year Ended December 31, 1946.....	<u><u>\$ 6,537,775.60</u></u>

## STATEMENT OF EARNED SURPLUS AND CAPITAL SURPLUS

For the Year Ended December 31, 1946

	<i>Earned Surplus</i>	<i>Capital Surplus</i>	<i>Total</i>
Balance—January 1, 1946 .....	\$10,541,287.82	\$ 5,515,865.44	\$16,057,153.26
Add: Net Profit for the year ended December 31, 1946 .....	6,537,775.60		6,537,775.60
Excess of subscription price over par value of Common Stock issued through exercise of Common Stock purchase warrants attached to 5% Cumulative Preferred Stock .....			2,164,092.00
Premium received on sale of 60,000 shares of 3½% Cumulative Convertible Preferred Stock at \$104.00 per share, less expenses .....			2,164,092.00
		98,599.81	98,599.81
	\$17,079,063.42	\$ 7,778,557.25	\$24,857,620.67
Less: Dividends paid on:			
Common Stock .....	\$ 2,280,455.75		\$ 2,280,455.75
3½% Cumulative Convertible Preferred Stock .....	205,147.43		205,147.43
Premium paid on retirement of 60,000 shares 5% Cumulative Preferred Stock at \$108.71 per share .....	457,084.50	65,515.50	522,600.00
	\$ 2,942,687.68	\$ 65,515.50	\$ 3,008,203.18
Balance—December 31, 1946—			
Note D .....	\$14,136,375.74	\$ 7,713,041.75	\$21,849,417.49

The Notes to Financial Statements are an integral part of the above statements and should be read in conjunction herewith.

# McCRORY STORES CORPORATION

McCRORY STORES  
(Delaware)

## BALANCE SHEET

### ASSETS

#### CURRENT ASSETS:

Cash on hand, in banks and in transit .....	\$ 9,316,662.32
U. S. Government obligations—at par .....	6,315,600.00
Merchandise inventories at stores and warehouses—Note A .....	\$ 6,730,570.81
Merchandise in transit—at cost .....	1,540,144.83
Miscellaneous accounts receivable, less reserve .....	8,270,715.64
Total Current Assets .....	101,089.62
	<u>\$24,004,067.58</u>

#### OTHER ASSETS:

Miscellaneous notes and accounts receivable, less reserve .....	\$ 2,526.71
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#### FIXED ASSETS:

Real estate at adjusted value, December 31, 1936 and subsequent additions at cost .....	\$ 6,382,862.28
Less: Reserve for depreciation .....	1,504,956.76
	<u>\$ 4,877,905.52</u>
Furniture and fixtures, equipment and utensils, at adjusted value, July 31, 1936 and subsequent additions at cost .....	\$ 8,571,976.30
Less: Reserve for depreciation .....	5,830,580.38
	<u>2,741,395.92</u>
Improvements to leased property, at adjusted value, January 1, 1936 and subsequent additions at cost .....	\$ 5,689,924.64
Less: Reserve for amortization .....	2,564,926.17
	<u>3,124,998.47</u>
Total Fixed Assets .....	<u>\$10,744,299.91</u>

#### DEFERRED CHARGES:

Prepaid insurance, taxes, store supplies, etc. ....	\$ 1,120,942.78
	<u>\$35,871,836.98</u>

The Notes to Financial Statements are an integral part thereof and should be read in conjunction therewith.

#### NOTES TO FINANCIAL STATEMENTS

##### NOTE A—

###### Merchandise at Stores:

Inventories at the lower of cost or market based upon the retail method of inventory valuation .....	\$ 6,097,443.44
Inventories at cost—Restaurants .....	119,299.55
Merchandise at Warehouses—At Cost .....	513,827.82
	<u>\$ 6,730,570.81</u>

Cost of goods sold for the period under review has been determined on the basis of inventories established as hereinbefore outlined.

##### NOTE B—

On January 11, 1946 the Corporation issued 60,000 shares 3 1/2% Cumulative Convertible Preferred Stock at \$104.00 per share and on January 28, 1946 redeemed 60,000 shares 5% Cumulative Preferred Stock at \$108.71 per share. The 3 1/2% Cumulative Convertible Preferred Stock is redeemable at the option of the Corporation in whole or in part, at \$106.50 per share on or prior to January 1, 1948, and thereafter, at successively reduced prices to January 1, 1952 after which date the redemption price will be \$104.00 per share, plus in each case, accrued dividends to date of redemption, and, in the event of voluntary liquidation, is entitled to receive an amount equal to the then redemption price, and in the event of involuntary liquidation, is entitled to \$100.00 per share and accrued dividends.

# 1946 BALANCE SHEET

## S CORPORATION

(corporation)

at December 31, 1946

### LIABILITIES

#### CURRENT LIABILITIES:

Accounts Payable:			
Merchandise at stores .....	\$ 881,626.68		
Merchandise in transit .....	1,492,111.84		
Construction and expense .....	529,192.66		
			\$ 2,902,931.18
Accrued expenses, taxes, rents, salaries, officers' and employees' bonus, etc. ....			2,932,746.55
Mortgage installments payable .....			6,400.24
Reserve for Federal taxes on income—Note E	\$ 4,468,507.43		
Less: United States Treasury Notes—Series C	3,500,000.00		
			968,507.43
Total Current Liabilities .....			<u>\$ 6,810,585.40</u>
Mortgage payable .....			\$ 71,593.09

#### CAPITAL STOCK AND SURPLUS:

Preferred Stock—3½% Cumulative Convertible			
Par Value \$100.00 Per Share—Note B			
Authorized—80,000 shares. Issued and outstanding—60,000 shares which have been designated as 3½% Series .....	\$6,000,000.00		
Common Stock—Par Value \$1.00 Per Share—Note C			
Authorized 1,400,000 shares			
Issued and Outstanding 1,140,241 shares	1,140,241.00		
Capital Surplus — Note D .....	7,713,041.75		
Earned Surplus since January 1, 1936—Note D .....	14,136,375.74		\$28,989,658.49
			<u>\$35,871,836.98</u>

#### NOTES TO FINANCIAL STATEMENTS

##### NOTE C—

Common Stock Purchase Warrants (expiring January 28, 1946) attached to the 5% Preferred Stock, and fractional warrants (expiring December 1, 1946) were exercised during the year and 103,052 shares of Common Stock were issued pursuant thereto.

Of the total of 1,400,000 shares of Common Stock authorized, 150,000 shares are reserved for issuance upon conversion of the 3½% Cumulative Convertible Preferred Stock.

##### NOTE D—

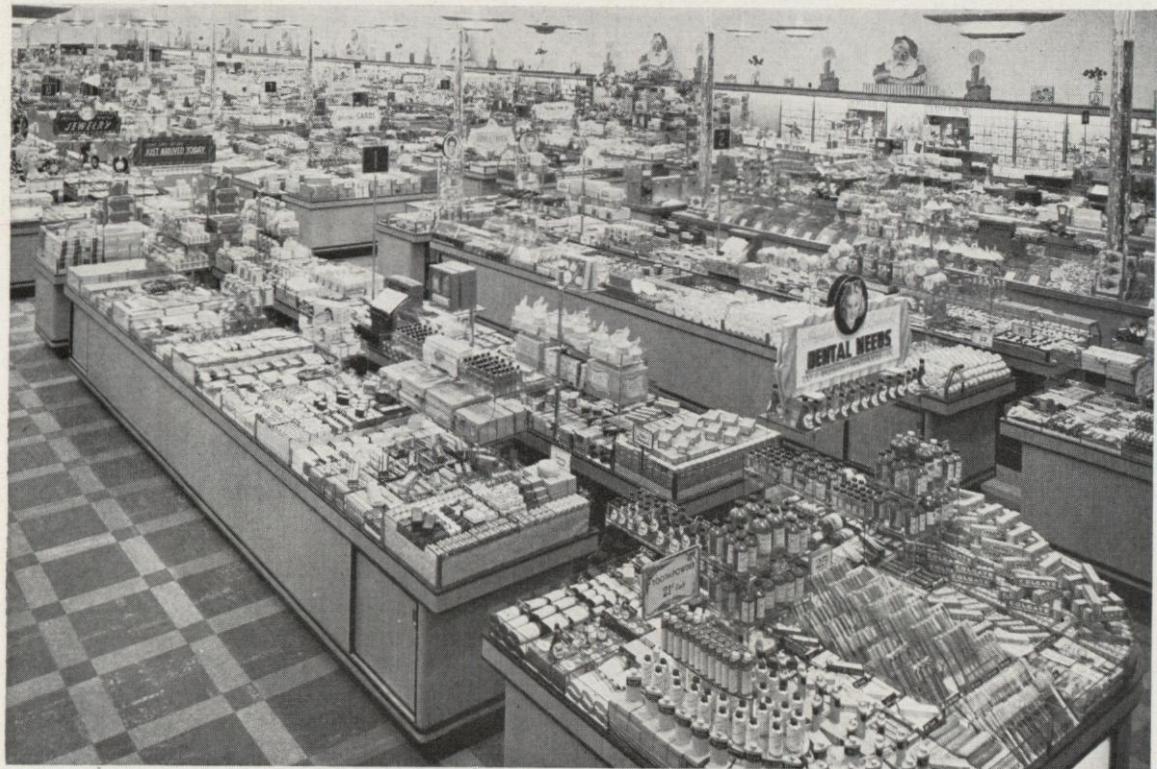
Pursuant to certain restrictions in connection with the authorization of 3½% Cumulative Convertible Preferred Stock, Capital and Earned Surplus as at December 31, 1946 in the approximate amount of \$15,400,000 is not available for dividends on Common Stock.

##### NOTE E—

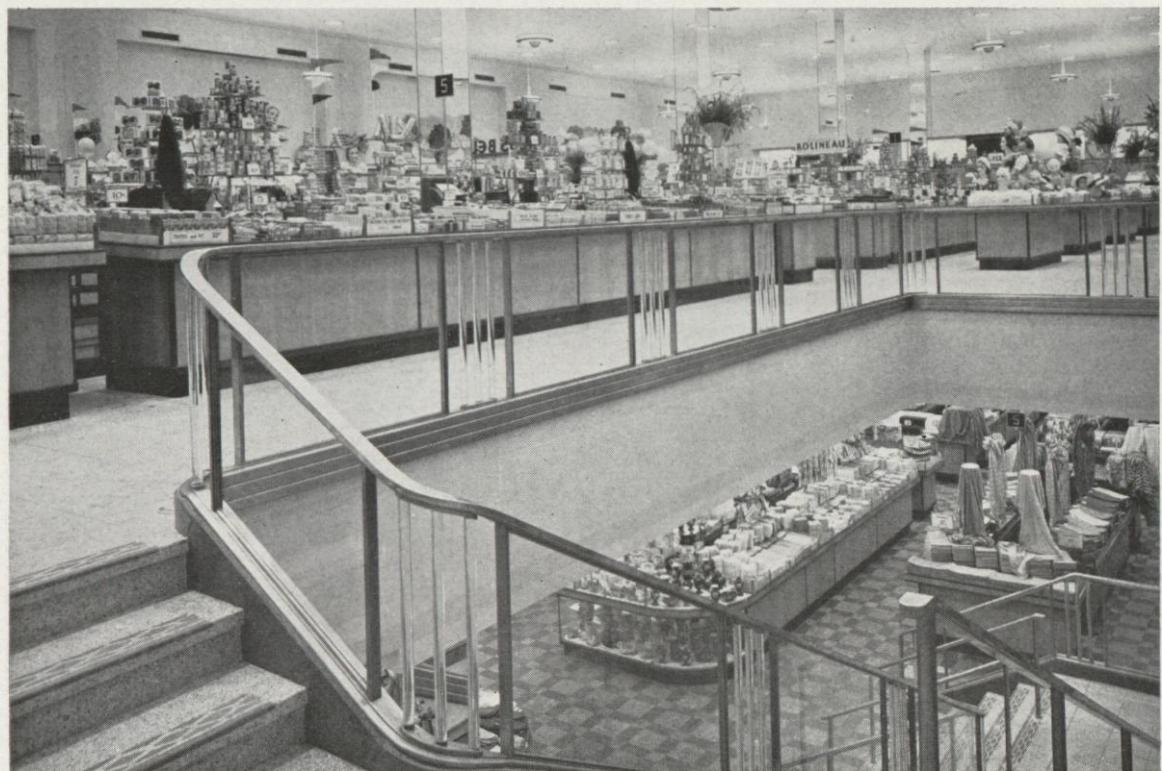
During the year 1943 the United States Treasury Department made an examination of the Federal Income and Excess Profit Tax returns for the years 1940 and 1941 and based on such examination proposed an assessment of additional taxes the basis of which, if sustained, would be applicable to the years 1942 to 1946. The Corporation disagrees with the basis of the proposed assessment, has filed a protest with respect thereto and is of the opinion that it has provided sufficient reserves to cover any additional taxes which are likely to be finally assessed.

The accompanying statements are subject to final determination of Federal taxes on income.

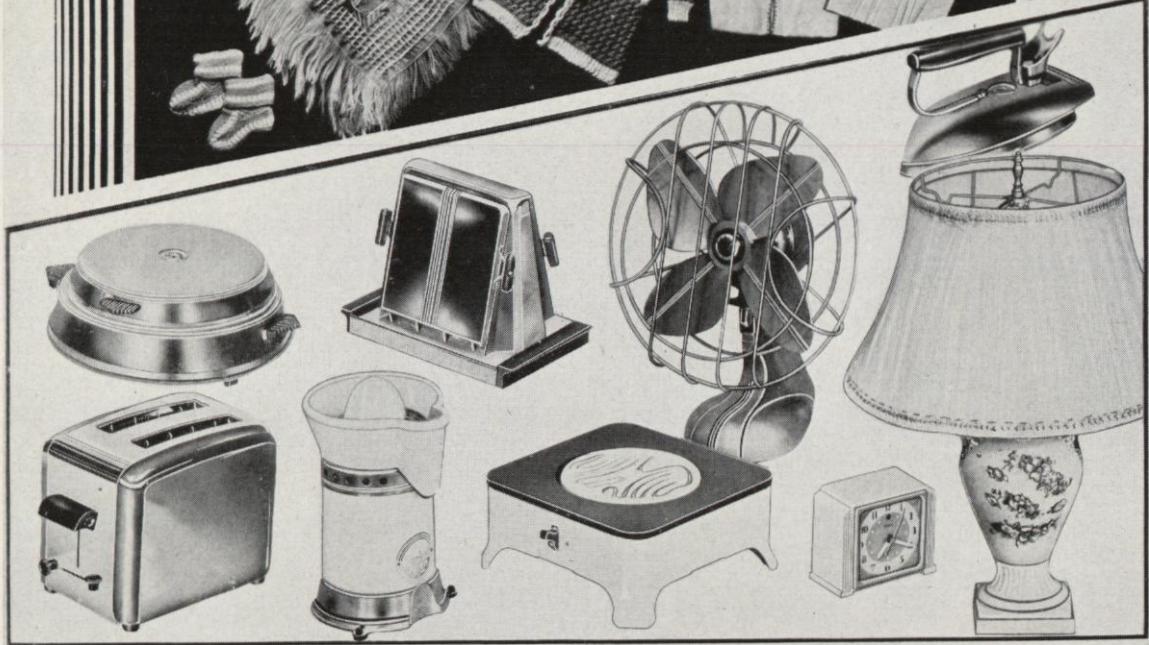
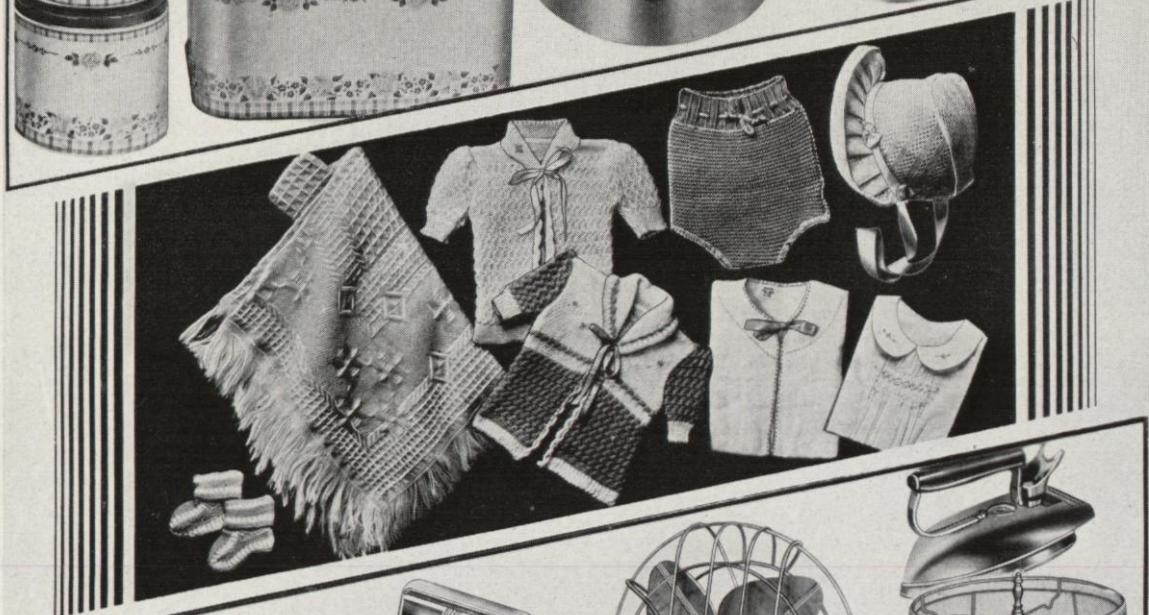
McCRORY STORES CORPORATION



## STORE INTERIORS



McCORMICK STORES CORPORATION



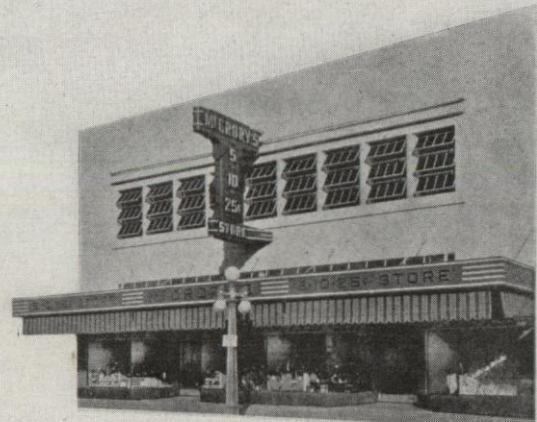
## MERCHANDISE DISPLAYS



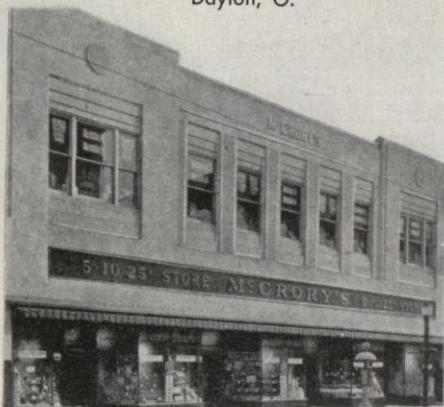
**McCRORY STORES CORPORATION**



Dayton, O.



Gainesville, Fla.



Allentown, Pa.



Ft. Pierce, Fla.



Miami, Fla.



Georgetown, S. C.

## STORE EXTERIORS



Daytona Beach, Fla.



Altoona, Pa.



Orlando, Fla.



Atlanta, Ga.



Canonsburg, Pa.



Cumberland, Md.

# 199 McCRORY STORES IN 23 STATES

ALABAMA (2)	INDIANA (3)	OHIO (9)	PENNSYLVANIA (cont.)
Eufaula	Anderson	Canton	Scranton
Mobile	Indianapolis	Cleveland	Somerset
ARKANSAS (2)	Terre Haute	Dayton	South Fork
Fort Smith	KENTUCKY (1)	East Liverpool	Tyrone
*Jonesboro	Louisville	Hamilton	Vandergrift
CONNECTICUT (1)	LOUISIANA (3)	Kent	Waynesboro
Danbury	New Orleans	Springfield	Waynesburg
DELAWARE (1)	1626 Dryades St.	Steubenville	Wilkes-Barre
Dover	New Orleans	Youngstown	Windber
DIST. OF COL. (1)	1005 Canal St.	PENNSYLVANIA (59)	York
Washington	Shreveport	Allentown	SOUTH CAROLINA (8)
FLORIDA (37)	MARYLAND (8)	Altoona	Aiken
Arcadia	Baltimore	Barnesboro	Chester
Bartow	Cambridge	Bethlehem	Columbia
Bradenton	Crisfield	Bradford	Gaffney
Clearwater	Cumberland	Bristol	Georgetown
Daytona Beach	Easton	Brookville	Greenwood
128 S. Beach St.	Frederick	Canonsburg	Newberry
Daytona Beach	Hagerstown	Carlisle	Rock Hill
814 Main St.	Salisbury	Carnegie	
Deland	MASSACHUSETTS (2)	Chambersburg	
Fort Lauderdale	New Bedford	Charleroi	TENNESSEE (4)
Fort Myers	1115 Acushnet Ave.	Chester	Bristol
Fort Pierce	New Bedford	Clearfield	*Kingsport
Gainesville	1009 S. Water St.	Connellsville	Morristown
Homestead	MISSISSIPPI (2)	Cresson	Oak Ridge
Jacksonville	Jackson	Donora	TEXAS (14)
Kissimmee	McComb	DuBois	Big Spring
Lake City	MISSOURI (1)	Ebensburg	Corpus Christi
Lakeland	St. Louis	Emporium	Denton
Leesburg	NEW JERSEY (11)	Franklin	Fort Worth
Live Oak	Asbury Park	Greensburg	Galveston
Melbourne	Atlantic City	Hanover	Hillsboro
Miami	1435 Boardwalk	Homestead	McAllen
Miami Beach	Atlantic City	Huntingdon	Nacogdoches
New Smyrna	1412 Atlantic Ave.	Huntingdon Stockroom	*Palestine
Ocala	Burlington	Indiana	San Antonio
Orlando	Camden	Johnstown	*Taylor
Palatka	Jersey City	Kane	Terrell
Panama City	Newark	Lancaster	Waco
Plant City	Orange	Lebanon	Wichita Falls
Punta Gorda	Passaic	Lewistown	
Quincy	Perth Amboy	Monongahela	
Sanford	Rahway	Mt. Pleasant	VIRGINIA (7)
Sarasota	NEW YORK (9)	New Brighton	Cape Charles
St. Augustine	Brooklyn	Patton	Charlottesville
St. Petersburg	Jamaica, L. I.	Philadelphia	*Front Royal
Tallahassee	Johnson City	1205 Market St.	Harrisonburg
Wauchula	Long Island City	Philadelphia	Pulaski
West Palm Beach	New York City	919 Market St.	Staunton
Winter Haven	New York Warehouse	Philadelphia	Winchester
GEORGIA (7)	Niagara Falls	38 S. 52nd St.	
Atlanta	*Syracuse	Philippsburg	WEST VIRGINIA (11)
Bainbridge	West Forest Hills	Pittsburgh	Charleston
Columbus	NORTH CAROLINA (4)	105 E. Ohio St.	Clarksburg
Cordele	Dunn	Pittsburgh	Fairmont
Savannah	Fayetteville	314 Fifth Avenue	Grafton
Tifton	Roanoke Rapids	Portage	Huntington
Valdosta	Tarboro	Pottstown	Mannington
		Punxsutawney	Martinsburg
		Reading	Morgantown
		Reynoldsville	New Martinsville
		Ridgway	Parkersburg
		Scottdale	Wheeling

\*Stores contemplated or under Construction.

†And the District of Columbia





Philadelphia, Pa.